

CUSTOMER EXIT: AN ANALYSIS OF WHY MEMBERS DISCONTINUE MEMBERSHIP OF HEALTH CLUBS

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Context

The term brand switching behavior is used in consumer studies, while customer defection has been used by Colgate et al (1995), Waterhouse (1994), Clark and Payne (1994) and Reichheld and Sasser (1990) in banking case studies. Hurley had noted that only 52% of Irish health and fitness senior managers had researched why members left their clubs. The International Health, Racquet and Sportsclub Association (IHRSA, 1988) and the Fitness Industry Association in England (1999, 2002, 2003) demonstrated the importance of exit analysis and lapsed member markets in the fitness industry. However, other research regarding lapsed member experiences appears limited. The purpose of this study was therefore to analyse why members discontinue membership of health clubs.

Method

One hundred lapsed members were randomly chosen from a membership database of a medium-sized club in Ireland. A mail survey was used to examine why they joined the club initially, patterns of usage, why they discontinued membership and finally, what incentives, if any, would encourage them to rejoin the club in future.

Results

Why they joined?

Fitness was the number one reason for joining; however, there were some gender differences, with females joining for weight loss, fitness and to look better and males primarily for fitness, weight loss, rehabilitation and conditioning. Social reasons did not feature as a priority for joining.

Membership type, fees and attendance rates

82% of members had joined for 1 year, and 12% on a special offer. 30% had paid a joining fee, and 29% stated that this fee was instrumental in extending their membership (83% remaining as members for at least 6 months). Lapsed female members appeared to remain as active members for longer than their male counterparts. 90% of lapsed members described themselves as only somewhat active or non-exercising prior to joining; 26% had been a member of a club previously, all having discontinued membership within a 6-month period. Some seasonal attendance rates were noted, lower in spring and summer. Members who exercised regularly also appeared to remain longer than those attending sporadically.

Reasons for discontinuing membership and incentives to rejoin

Reasons for discontinuing membership included situational factors 23%, club-related reasons 21% and personal circumstances 15%. 88% of lapsed members were either satisfied or very satisfied with the club, and two in three said the club could have done nothing to prevent them from discontinuing. 85% of them had not joined another health club, but 54% of this market said they would consider rejoining the same club if offered an incentive such as a price reduction (38%) or salon gift token (8%).

Discussion & Implications

This sample is small, being part of a PhD study. Duration of membership appears to have an effect on retention. Health clubs should therefore seek long-term membership contracts, as opposed to short-term or special offer incentives. Gender differences were highlighted, with women joining for different reasons than men, but social reasons did not feature as a priority for joining. These findings correlate with findings by the FIA (1999, 2002, 2003), and need to be considered when marketing and recruiting female and male members. Male members appear to remain active members for shorter periods of time and are less regular attenders than women (and hence higher risks for managers), a result. Since regular attenders remained longer, creative programming to encourage attendance particularly in the first six months of membership would appear to be crucial.

Seasonal differences suggest programming techniques to entice members to remain active during the Spring/Summer period. Joining fees would appear to be instrumental in extending the duration, which concurs with FIA (1999). Findings on satisfaction agree with Reichheld (1993) who found between 65% and 85% of lapsed members claimed to have been satisfied/very satisfied with their former supplier. This will be investigated further in the PhD study.

Members at risk at discontinuing membership, e.g., those who had never been a member of a health club (74%), or had discontinued that membership (26%) had a limited exercise history (90%) or a sedentary job (49%) need to be identified and encouraged early in the membership process and supported to prolong membership. The importance of reactivation programs for lapsed members was noted; in contrast to FIA (1999), letters inviting them to reactivate membership did not feature as an incentive in this study. Health club managers should therefore seek to reactivate this lucrative lapsed member market using appropriate incentives.

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